ONOF
Global X Adaptive U.S. Risk Management ETF

Fund Description

ONOF tracks an index that allocates 100% of the portfolio to US equities or short-term Treasurys based on four market indicators.

FactSet Analyst Report

ONOF is a passively-managed portfolio that provides exposure to 500 US large-cap equities during normal market conditions or switches to 1-3 year US Treasurys during adverse market conditions. The index is based on historical data from two short-term indicators: Moving Average Convergence Divergence (MACD) and the level of the CBOE Volatility Index (VIX), as well as two long-term indicators: 200-day Simple Moving Average (SMA) and market drawdown percentage. Each signal is given an equal weighting in determining the posture of the portfolio. The trigger threshold for each signal is based on a predetermined Z-score. If the portfolio is in equities, it takes three negative indicators to switch the exposure to Treasuries. Once in Treasuries, it takes two positive indicators to switch to equities, thus, creating a higher hurtle to get out of the market than it is to enter. Based on the strategy, turnover in the portfolio should be higher than a buy-and-hold approach.